



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
**AUDITOR GENERAL**

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

August 1, 2005

Governing Board  
Snowflake Unified School District No. 5  
682 School Bus Lane  
Snowflake, AZ 85937

Members of the Board:

In our December 21, 2004, compliance review report we notified you that the District had not complied with the *Uniform System of Financial Records* (USFR) for the year ended June 30, 2003.

We have since reviewed the District's audit reports and USFR Compliance Questionnaire for the year ended June 30, 2004, to determine whether the District was in compliance with the USFR as of that date. Based solely on our review of these documents, the District has complied with the USFR.

However, we noted that the District still had numerous internal control deficiencies cited by its auditors in the Schedule of Findings and Questioned Costs, management letter, and the USFR Compliance Questionnaire. These deficiencies indicate that the District's internal controls are still especially weak in the areas of student attendance reporting, capital assets, and ensuring compliance with the School District Procurement Rules (*Arizona Administrative Code* R7-2-1001 et seq) and guidelines for competitive purchasing below the dollar limits required for sealed bids (USFR pages VI-G-8 and 9).

Although the cited deficiencies do not cause substantial noncompliance, the District must take corrective action to continue to satisfactorily comply with the USFR. The District's audit reports and USFR Compliance Questionnaire for the year ended June 30, 2005, when submitted, must indicate that the District made progress toward correcting these deficiencies and that no new significant deficiencies occurred that year, or the District may again be found in noncompliance with the USFR.

If you have questions concerning the deficiencies or how to correct them, or would like a written summary of deficiencies with recommendations for correction, please call Magdalene Haggerty, Accounting Services Director, or Laura Miller, Accounting Services Manager, at (602) 553-0333.

Sincerely,

Debra K. Davenport  
Auditor General

DKD/MH/lm

cc: Mr. Monte Silk, Interim Superintendent  
Mr. Mark Ollerton, Business Manager  
Snowflake Unified School District No. 5  
The Honorable Alicia Brown, Navajo County School Superintendent  
Ms. Vicki G. Salazar, Associate Superintendent of Financial Services  
Arizona Department of Education